



SEVEN HILLS

REALTY TRUST

**Seven Hills Realty Trust
Fourth Quarter 2024
Financial Results**

Seven Hills Realty Trust Announces Fourth Quarter 2024 Results



"For the fourth quarter, Seven Hills reported distributable earnings per share of \$0.33 and for a second consecutive year, we outperformed our benchmark index on a total return basis.

Seven Hills was active during the quarter, closing two loans for \$87 million and our momentum continued into 2025 with the closing of an additional \$31 million loan in January. After receiving repayments totaling \$165 million in 2024, we ended the quarter with over \$70 million of cash and excess borrowing capacity from our lenders. We remain well positioned to thoughtfully take advantage of today's attractive lending opportunities to generate attractive risk adjusted returns for our shareholders."

**Tom Lorenzini, President and
Chief Investment Officer of SEVN**

Newton, MA (February 18, 2025). Seven Hills Realty Trust (Nasdaq: SEVN) today announced financial results for the quarter and year ended December 31, 2024.

Distributions

On January 16, 2025, SEVN declared a quarterly distribution of \$0.35 per common share, or approximately \$5.2 million, to shareholders of record on January 27, 2025. SEVN expects to pay this distribution on or about February 20, 2025.

Conference Call

A conference call to discuss SEVN's fourth quarter 2024 results will be held on Wednesday, February 19, 2025 at 11:00 a.m. Eastern Time. The conference call telephone number is (866) 739-7850. Participants calling from outside the United States and Canada should dial (412) 317-6592. No pass code is necessary to access the call from either number. Participants should dial in about 15 minutes prior to the scheduled start of the call. A replay of the conference call will be available through 11:59 p.m. Eastern Time on Wednesday, February 26, 2025. To access the replay, dial (877) 344-7529. The replay pass code is 4260494. A live audio webcast of the conference call will also be available in a listen only mode on SEVN's website, at www.sevnreit.com. The archived webcast will be available for replay on SEVN's website after the call. The transcription, recording and retransmission of SEVN's fourth quarter conference call in any way are strictly prohibited without the prior written consent of SEVN.

About Seven Hills Realty Trust

Seven Hills Realty Trust (Nasdaq: SEVN), or SEVN, we, our or us, is a real estate investment trust, or REIT, that originates and invests in first mortgage loans secured by middle market transitional commercial real estate. SEVN is managed by Tremont Realty Capital, an affiliate of The RMR Group (Nasdaq: RMR), a leading U.S. alternative asset management company with over \$40 billion in assets under management and more than 35 years of institutional experience in buying, selling, financing and operating commercial real estate. For more information about SEVN, please visit www.sevnreit.com.

Company Snapshot



(As of December 31, 2024, unless otherwise noted)

Strong Loan Portfolio

\$641 million

Floating rate
first mortgage loan commitments

\$31 million

Average
loan commitment

67%

Weighted average
LTV

8.6%

Weighted average
All In Yield

100% floating rate first mortgage loan portfolio secured by diverse property types and geographic regions and owned by high quality sponsors.

Conservative Leverage

1.6x

Debt to equity ratio

\$740 million

Maximum
facility size

\$320 million

Unused financing
capacity

\$71 million

Cash
on hand

Conservative leverage levels and ample cash on hand provide SEVN with liquidity to continue to originate accretive loans that meet our disciplined underwriting criteria.

Integrated with RMR Real Estate Platform

11%

Ownership of SEVN

~\$40 billion
of Gross AUM

~1,000

CRE professionals

~2,000

Properties managed
across the U.S.

SEVN is managed by Tremont Realty Capital, a wholly owned subsidiary of RMR, providing a depth of market knowledge and an extensive network of real estate owners, operators, sponsors and financial institutions.

Fourth Quarter 2024 Highlights



(As of and for the three months ended December 31, 2024, unless otherwise noted)

Financial Results

- Generated net income of \$4.9 million, or \$0.33 per diluted share, and Distributable Earnings of \$4.9 million, or \$0.33 per diluted share.
- Quarterly distribution of \$0.35 per common share declared and paid during the quarter.

Investment Activity

- Closed two new loans during the quarter with aggregate total commitments of \$87.0 million:
 - \$42.0 million loan secured by a student housing property in Oxford, MS with a coupon of S + 2.95% and an All In Yield of S + 3.35%.
 - \$45.0 million loan secured by a hotel in Boston, MA with a coupon of S + 3.95% and an All In Yield of S + 4.39%.
- Received \$37.2 million of repayment proceeds on a loan secured by a student housing property in Starkville, MS.
- In January 2025, SEVN closed a \$31.2 million loan secured by a student housing property in San Marcos, TX with a coupon of S + 3.25% and an All In Yield of S + 3.68%.

Portfolio

- Weighted average coupon of S + 3.72% and All In Yield of S + 4.10%.
- Weighted average risk rating of 3.1 and an allowance for credit losses representing 1.4% of total loan commitments.

Liquidity & Capitalization

- Cash on hand of \$70.8 million and unused capacity of \$320.4 million available under our Secured Financing Facilities.
- Weighted average coupon of S + 2.23% on borrowings under our Secured Financing Facilities.
- Extended the maturity date of our Wells Fargo Master Repurchase Facility to March 2026.
- Extended the maturity date of our UBS Master Repurchase Facility to February 2026 and increased the maximum facility size to \$250.0 million.

Please refer to Non-GAAP Financial Measures and Other Measures and Definitions within the Appendix for terms used throughout this document. All amounts in this presentation are unaudited.

Fourth Quarter 2024 Financial Summary



(amounts in thousands, except per share data)

Income Statement

	Three Months Ended December 31, 2024	
Income from loan investments, net	\$	7,112
Revenue from real estate owned		563
Other expenses		(3,246)
Reversal of credit losses		450
Net income	\$	4,879
Weighted average common shares outstanding - basic and diluted		14,756
Net income per common share - basic and diluted	\$	0.33
Distributable Earnings ⁽¹⁾	\$	4,867
Distributable Earnings per common share - basic and diluted ⁽¹⁾	\$	0.33
Quarterly Distribution per Share	\$	0.35

Balance Sheet

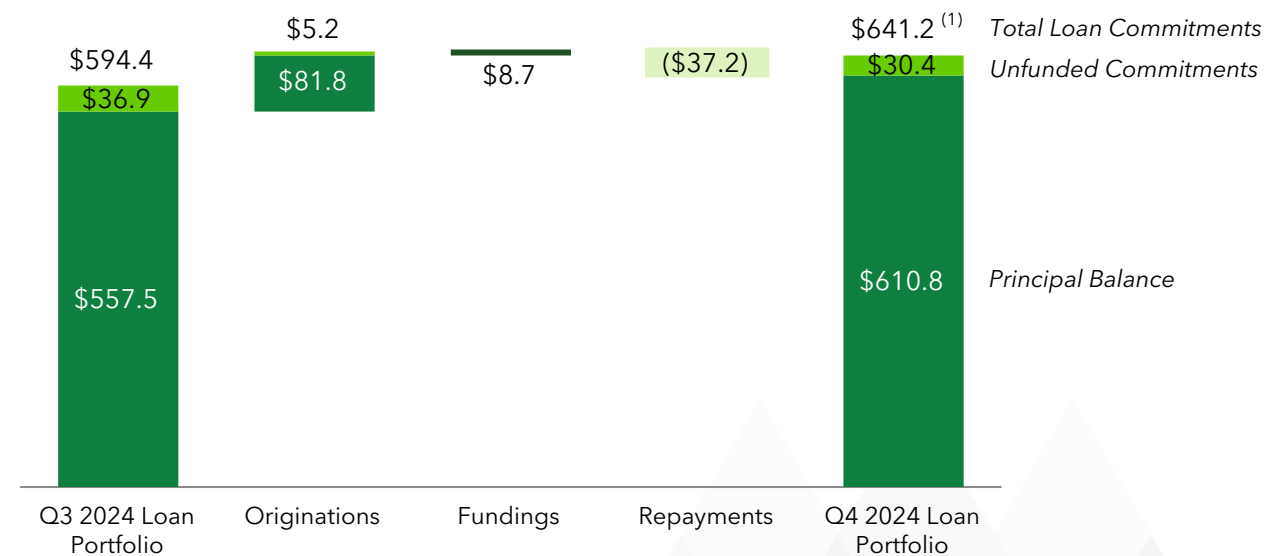
	December 31, 2024	
Loans held for investment, net	\$	601,842
Real estate owned, net		11,187
Cash and cash equivalents		70,750
Other		9,029
Total assets	\$	692,808
Secured financing facilities, net	\$	417,796
Other		5,734
Total liabilities	\$	423,530
Total shareholders' equity	\$	269,278
Total outstanding common shares		14,903
Book value per common share	\$	18.07
Adjusted book value ⁽¹⁾	\$	278,186
Adjusted book value per common share ⁽¹⁾	\$	18.67

(1) See appendix for definitions and reconciliations of non-GAAP measures.

Loan Portfolio Summary

<i>(dollars in thousands)</i>	Fourth Quarter Originations	As of December 31, 2024
Number of loans	2	21
Average loan commitment	\$43,500	\$30,534
Total loan commitments	\$87,000	\$641,213
Unfunded loan commitments	\$5,200	\$30,402
Principal balance	\$81,800	\$610,811
Weighted average coupon rate	7.91%	8.24%
Weighted average All In Yield	8.33%	8.62%
Weighted average Maximum Maturity	4.9	2.6
Weighted average LTV	62%	67%
Weighted average floor	3.00%	2.12%
Weighted average risk rating	2.5	3.1

Fourth Quarter 2024 Loan Portfolio Activity
(dollars in millions)

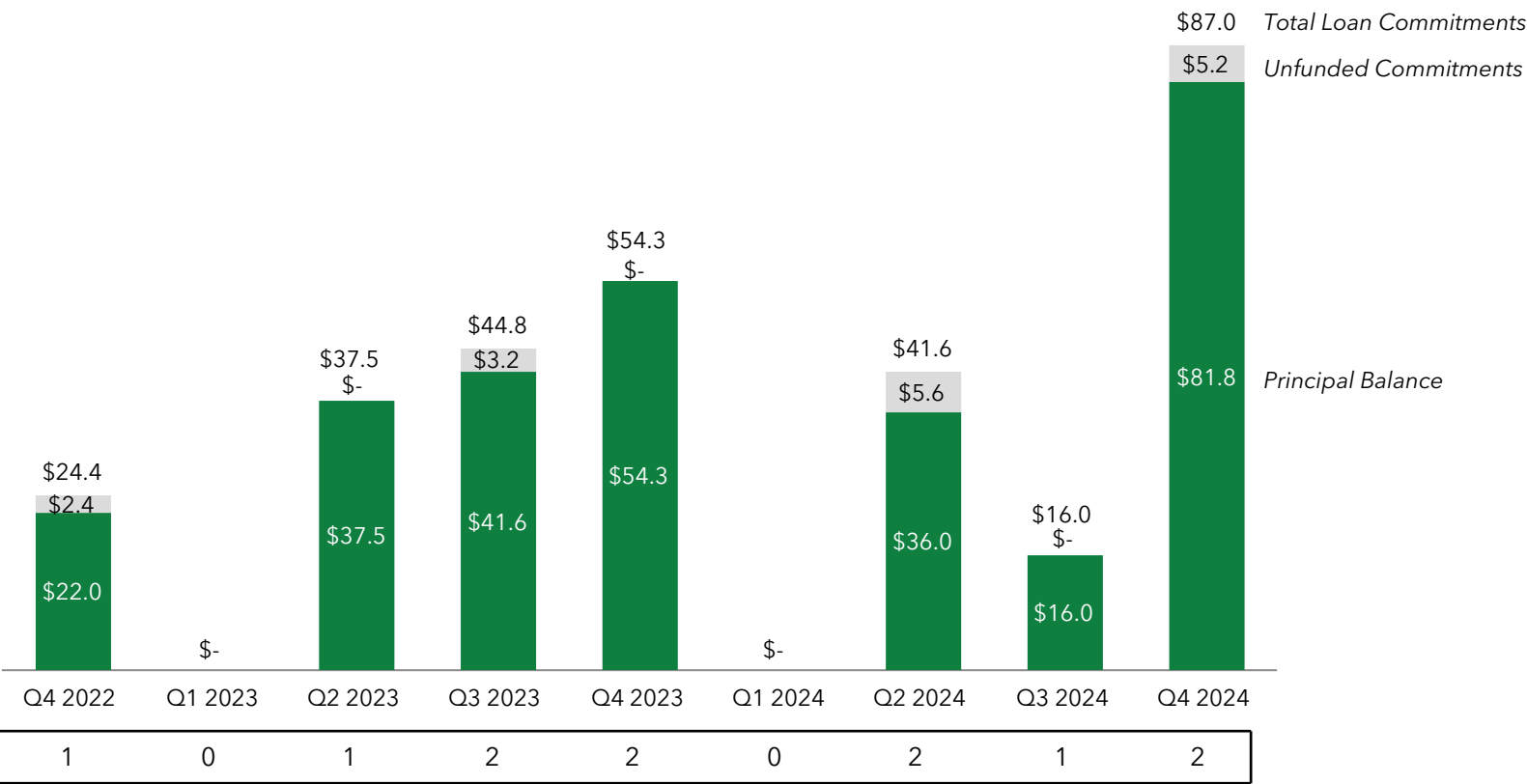


(1) In December 2024, the sponsor of the loan secured by a multifamily property in Las Vegas, NV exercised its option to reduce the committed principal amount of the loan by \$3.0 million, in accordance with the loan agreement.

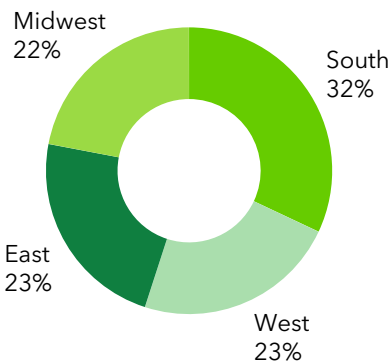
Loan Portfolio Originations and Diversity

Loan Originations by Quarter

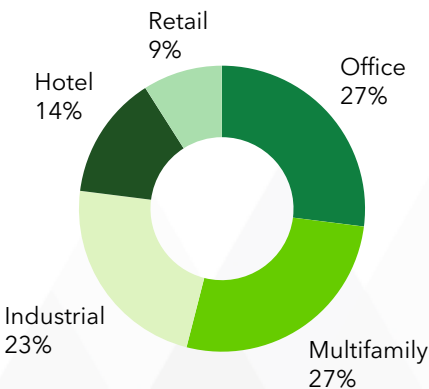
(dollars in millions)



Geographic Region ⁽¹⁾



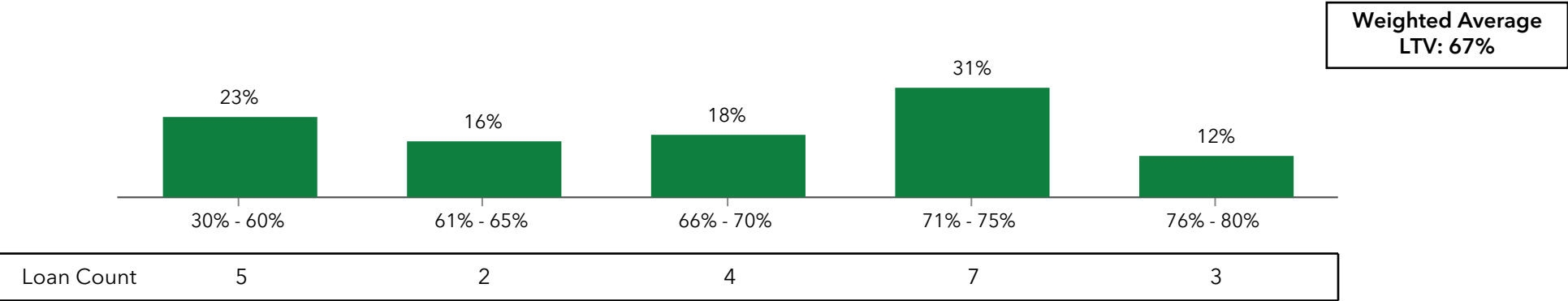
Property Type ⁽¹⁾



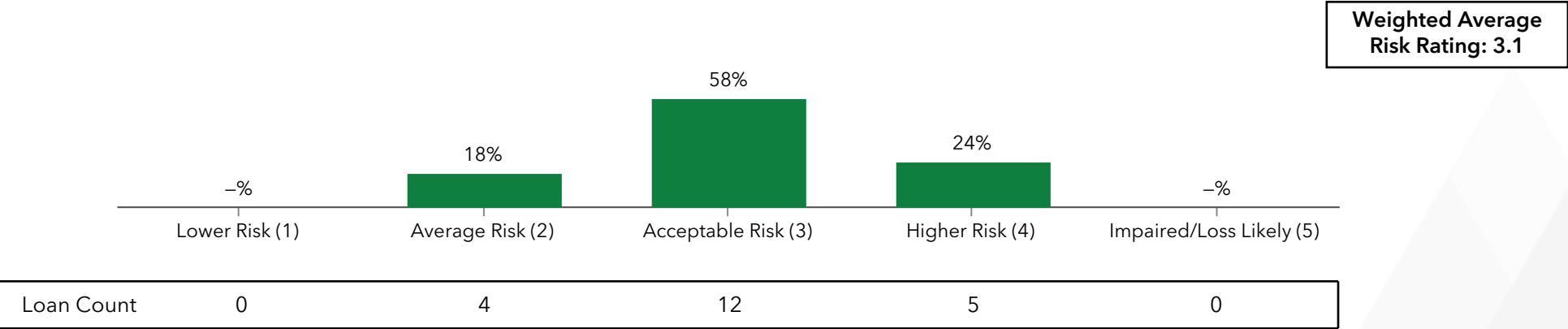
(1) Based on principal balance of loans held for investment as of December 31, 2024.

Loan Portfolio Credit Quality

Loan to Value ⁽¹⁾
% of Portfolio



Risk Rating Distribution ⁽¹⁾
% of Portfolio

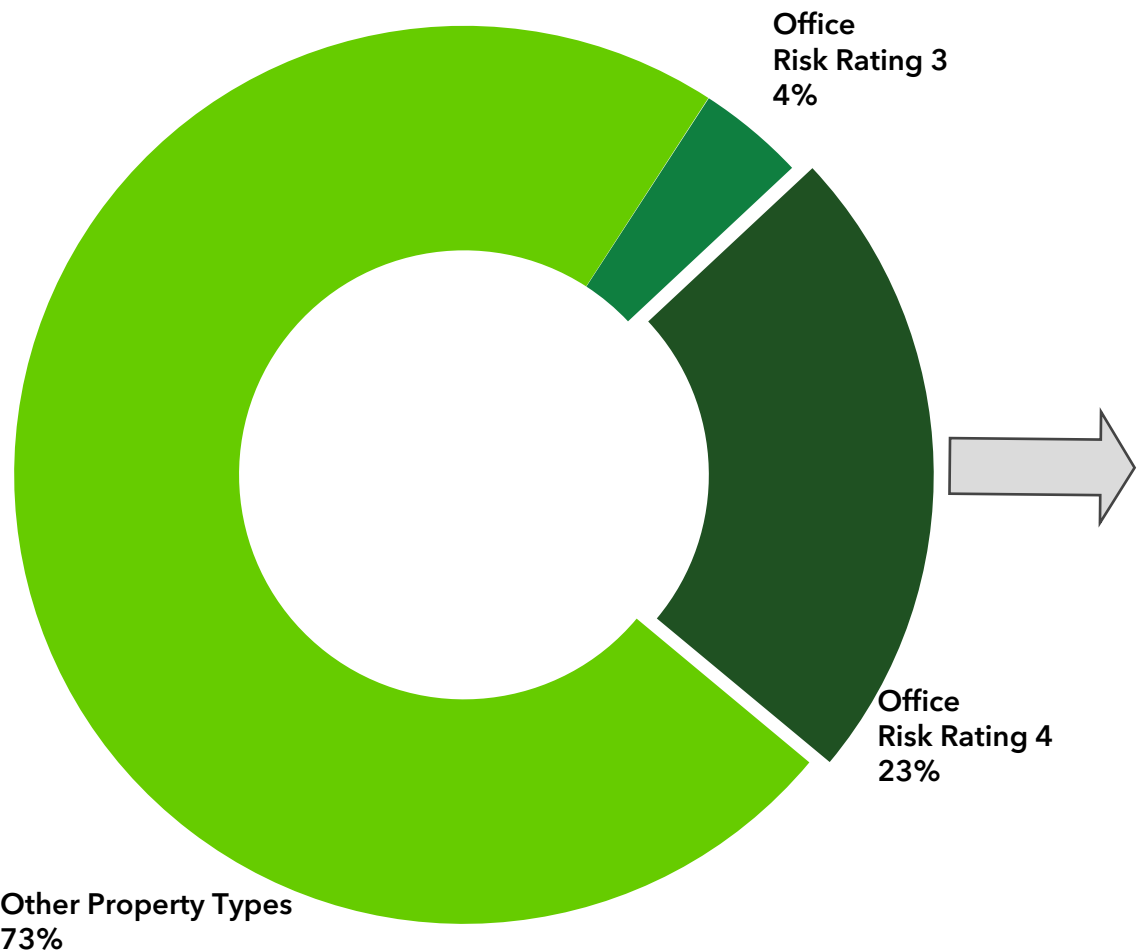


(1) Percentage of portfolio based on principal balance of loans held for investment as of December 31, 2024.

Office Loans ⁽¹⁾

- No office loans in urban or CBD markets in our portfolio.
- As of December 31, 2024, all of our borrowers had paid their debt service obligations owed and due to us.

Total Loan Portfolio



Office Risk Rating Distribution

Risk Rating 3 14% of office	<p>\$23.5 million principal balance / Class B / Downers Grove, IL</p> <ul style="list-style-type: none">Leased occupancy of 93% and a WALT of 6.1 years.
Risk Rating 4 86% of office	<p>\$43.5 million principal balance / Class B / suburban Dallas, TX</p> <ul style="list-style-type: none">Leased occupancy of 79% and a WALT of 4.8 years.Demonstrated commitment from sponsor. Loan modified to extend maturity date to August 2026 with sponsor contributing \$2.9 million of additional equity. <p>\$29.5 million principal balance / Class B / Downers Grove, IL</p> <ul style="list-style-type: none">Leased occupancy of 90% and a WALT of 5.1 years. <p>\$26.6 million principal balance / Class B / Plano, TX</p> <ul style="list-style-type: none">Leased occupancy of 80% and a WALT of 2.7 years.Loan modified to extend maturity date to July 2026. <p>\$24.4 million principal balance / Class A / Carlsbad, CA</p> <ul style="list-style-type: none">Leased occupancy of 87% and a WALT of 2.4 years.Demonstrated commitment from sponsor. Loan modified to extend maturity date to October 2026 with sponsor contributing \$1.1 million of additional equity. <p>\$20.0 million principal balance / Class A / Bellevue, WA</p> <ul style="list-style-type: none">Leased occupancy of 83% and a WALT of 6.8 years.

(1) Percentage of portfolio and office risk rating distribution based on principal balance of loans held for investment as of December 31, 2024.

Secured Financing Facilities

(As of December 31, 2024)

	UBS ⁽¹⁾	Citibank	BMO	Wells Fargo ⁽²⁾	Total/Weighted Average
<i>(dollars in thousands)</i>					
Maximum facility size	\$ 250,000	\$ 215,000	\$ 150,000	\$ 125,000	\$ 740,000
Principal balance	\$ 181,989	\$ 93,314	\$ 103,855	\$ 40,464	\$ 419,622
Unused capacity	\$ 68,011	\$ 121,686	\$ 46,145	\$ 84,536	\$ 320,378
Weighted average coupon rate	6.85%	6.57%	6.39%	6.31%	6.62%
Weighted average advance rate	68.1%	64.1%	71.5%	76.4%	68.7%
Weighted average remaining maturity (years) ⁽³⁾	0.7	1.5	0.9	0.6	0.9
Collateral:					
Number of loans	9	5	5	2	21
Principal balance	\$ 267,084	\$ 145,520	\$ 145,234	\$ 52,973	\$ 610,811

(1) In December 2024, we amended the fee letter to our commercial master repurchase agreement with UBS, or the UBS Master Repurchase Agreement, to extend the stated maturity date to February 18, 2026 and increase the maximum facility size to \$250,000.

(2) In October 2024, we amended our master repurchase and securities contract with Wells Fargo, or the Wells Fargo Master Repurchase Agreement. The amendment to the Wells Fargo Master Repurchase Agreement made certain changes to the agreement and related fee letter, including extending the stated maturity date to March 11, 2026.

(3) The weighted average remaining maturity of our Master Repurchase Facilities is determined using the earlier of the underlying loan investment maturity date and the respective repurchase agreement maturity date. The weighted average remaining maturity of the BMO Facility is determined using the underlying loan investment maturity date.

Appendix

Company Profile, Governance and Research Coverage



Management

Our manager, Tremont, is registered with the Securities and Exchange Commission, or SEC, as an investment adviser and is owned by RMR. As of December 31, 2024, RMR had over \$40 billion of real estate assets under management and the combined RMR managed companies had more than \$5 billion of annual revenues, approximately 2,000 properties and over 18,000 employees. We believe Tremont’s relationship with RMR provides us with a depth of market knowledge that may allow us to identify high quality investment opportunities and to evaluate them more thoroughly than many of our competitors, including other commercial mortgage REITs. We also believe RMR’s broad platform provides us with access to RMR’s extensive network of real estate owners, operators, intermediaries, sponsors, financial institutions and other real estate related professionals and businesses with which RMR has historical relationships. We also believe that Tremont provides us with significant experience and expertise in investing in middle market and transitional CRE.

Board of Trustees

Ann M. Danner <i>Independent Trustee</i>	Barbara D. Gilmore <i>Independent Trustee</i>	William A. Lamkin <i>Independent Trustee</i>	Joseph L. Morea <i>Lead Independent Trustee</i>
Jeffrey P. Somers <i>Independent Trustee</i>	Matthew P. Jordan <i>Managing Trustee</i>	Adam D. Portnoy <i>Chair of the Board & Managing Trustee</i>	

Executive Officers

Thomas J. Lorenzini <i>President and Chief Investment Officer</i>	Fernando Diaz <i>Chief Financial Officer and Treasurer</i>
Jared R. Lewis <i>Vice President</i>	

Equity Research Coverage

JMP Securities Chris Muller (212) 906-3559 cmuller@jmpsecurities.com	Janney Montgomery Scott Jason Stewart (215) 665-2710 jstewart@janney.com
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Jones Trading Institutional Services, LLC
Jason Weaver
(646) 454-2710
jweaver@jonestrading.com

SEVN is followed by the analysts listed above. Please note that any opinions, estimates or forecasts regarding SEVN’s performance made by these analysts do not represent opinions, estimates or forecasts of SEVN or its management. SEVN does not by its reference above imply its endorsement of or concurrence with any information, conclusions or recommendations provided by any of these analysts.

Contact Information

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Investor Relations at (617) 796-8253 or
ir@sevnreit.com

Loan Investment Details



(dollars in thousands)

First mortgage loans as of December 31, 2024:

#	Location	Property Type	Origination Date	Committed Principal Amount	Principal Balance	Coupon Rate	All in Yield	Maturity Date	Maximum Maturity Date	LTV	Risk Rating
1	Olmsted Falls, OH ⁽¹⁾	Multifamily	01/28/2021	\$ 54,575	\$ 52,050	S + 4.00%	S + 4.30%	01/28/2025	01/28/2026	63%	3
2	Passaic, NJ	Industrial	09/08/2022	47,000	43,808	S + 3.85%	S + 4.22%	09/08/2025	09/08/2027	69%	3
3	Dallas, TX	Office	08/25/2021	46,811	43,511	S + 3.25%	S + 3.27%	08/25/2026	08/25/2026	72%	4
4	Boston, MA	Hotel	12/16/2024	45,000	39,800	S + 3.95%	S + 4.39%	12/16/2027	12/16/2029	49%	3
5	Brandywine, MD	Retail	03/29/2022	42,500	42,200	S + 3.85%	S + 4.27%	03/29/2025	03/29/2027	62%	3
6	Oxford, MS	Multifamily	11/26/2024	42,000	42,000	S + 2.95%	S + 3.35%	11/26/2027	11/26/2029	75%	2
7	Farmington Hills, MI	Multifamily	05/24/2022	30,520	29,443	S + 3.15%	S + 3.52%	05/24/2025	05/24/2027	75%	3
8	Downers Grove, IL	Office	09/25/2020	30,000	29,500	S + 5.00%	S + 5.91%	02/24/2025	02/24/2025	67%	4
9	Anaheim, CA	Hotel	11/29/2023	29,000	29,000	S + 4.00%	S + 4.56%	11/29/2025	11/29/2028	55%	2
10	Fountain Inn, SC	Industrial	07/13/2023	27,500	24,300	S + 4.25%	S + 4.85%	07/13/2025	07/13/2026	76%	2
11	Plano, TX	Office	07/01/2021	27,385	26,569	S + 3.75%	S + 3.76%	07/01/2026	07/01/2026	78%	4
12	Las Vegas, NV	Multifamily	06/10/2022	25,992	25,448	S + 3.30%	S + 4.07%	06/10/2025	06/10/2027	60%	3
13	Fayetteville, GA	Industrial	10/06/2023	25,250	25,250	S + 3.35%	S + 3.73%	10/06/2026	10/06/2028	55%	3

Loan Investment Details (Continued)



(dollars in thousands)

First mortgage loans as of December 31, 2024:

#	Location	Property Type	Origination Date	Committed Principal Amount	Principal Balance	Coupon Rate	All in Yield	Maturity Date	Maximum Maturity Date	LTV	Risk Rating
14	Carlsbad, CA	Office	10/27/2021	24,750	24,417	S + 3.25%	S + 3.26%	10/27/2026	10/27/2026	78%	4
15	Fontana, CA	Industrial	11/18/2022	24,355	22,000	S + 3.75%	S + 4.09%	11/18/2025	11/18/2026	72%	3
16	Los Angeles, CA	Industrial	06/28/2024	23,800	21,940	S + 3.40%	S + 3.83%	06/28/2027	06/28/2029	58%	3
17	Downers Grove, IL	Office	12/09/2021	23,530	23,530	S + 4.25%	S + 4.54%	12/09/2025	12/09/2026	72%	3
18	Bellevue, WA ⁽²⁾	Office	11/05/2021	21,000	20,000	S + 3.85%	S + 4.01%	02/05/2025	11/05/2026	68%	4
19	Newport News, VA	Multifamily	04/25/2024	17,757	14,759	S + 3.15%	S + 3.87%	04/25/2027	04/25/2029	71%	3
20	Sandy Springs, GA	Retail	09/23/2021	16,488	15,286	S + 3.75%	S + 4.05%	09/23/2025	09/23/2026	72%	2
21	Lake Mary, FL	Hotel	09/06/2024	16,000	16,000	S + 4.00%	S + 4.41%	09/06/2027	09/06/2029	68%	3
Total/weighted average				<u>\$ 641,213</u>	<u>\$ 610,811</u>	<u>S + 3.72%</u>	<u>S + 4.10%</u>			<u>67%</u>	<u>3.1</u>

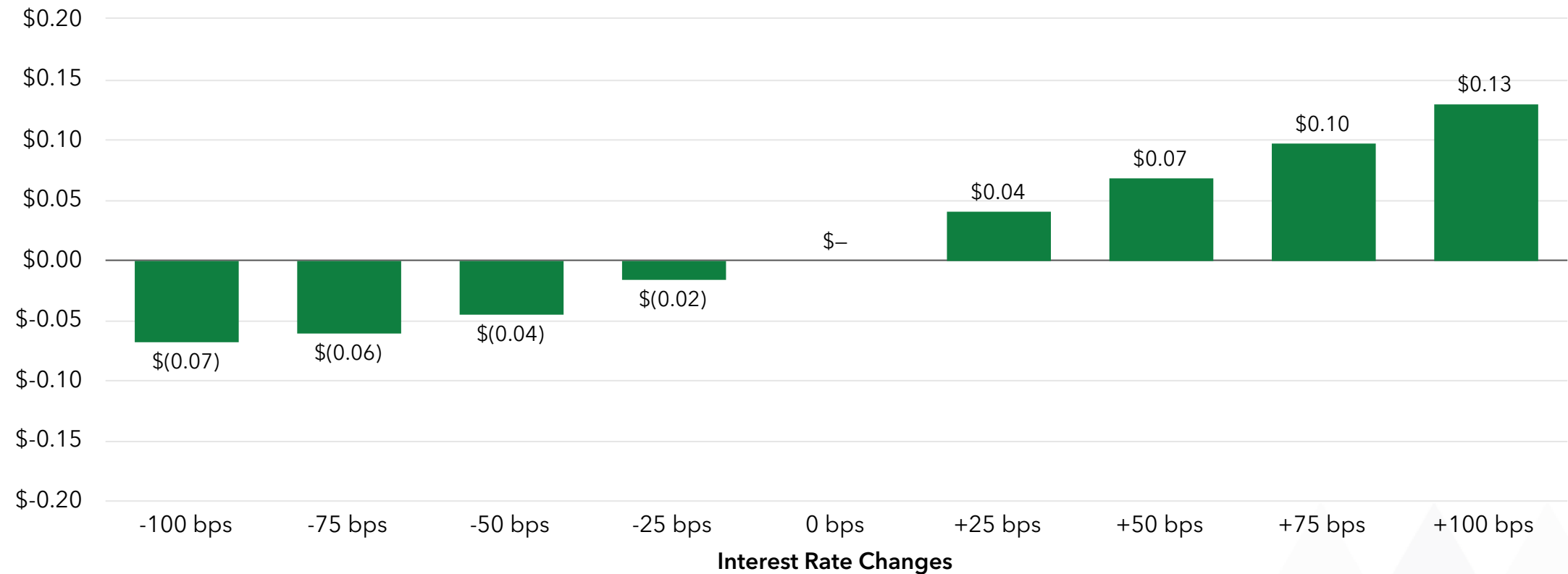
(1) In January 2025, the maturity date of this loan was extended to January 28, 2026.

(2) In January 2025, the maturity date of this loan was extended to April 7, 2025.

Interest Rate Sensitivity

(As of December 31, 2024)

Annualized Impact to Net Interest Income per Share



- Weighted average interest rate floor of 2.12%. All but one of our loan agreements contain floor provisions, ranging from 0.10% to 5.20%.
- One of our loans currently has an active interest rate floor.
- No interest rate floors on advances under our Secured Financing Facilities.

The above table illustrates the incremental impact on our annual income from investments, net, from hypothetical immediate changes in SOFR, taking into consideration our borrowers' interest rate floors as of December 31, 2024. The results in the table above are based on our loan portfolio and debt outstanding as of December 31, 2024. Any changes to the mix of our investments or debt outstanding could impact the interest rate sensitivity analysis. This illustration is not meant to forecast future results.

Consolidated Balance Sheets

(dollars in thousands, except per share data)

	December 31, 2024	December 31, 2023
<u>ASSETS</u>		
Cash and cash equivalents	\$ 70,750	\$ 87,855
Loans held for investment	609,916	626,462
Allowance for credit losses	(8,074)	(4,376)
Loans held for investment, net	601,842	622,086
Real estate owned, net	11,187	11,278
Acquired real estate leases, net	3,366	4,137
Accrued interest receivable	2,954	3,632
Prepaid expenses and other assets, net	2,709	2,537
Total assets	<u>\$ 692,808</u>	<u>\$ 731,525</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Accounts payable, accrued liabilities and other liabilities	\$ 3,982	\$ 3,808
Secured financing facilities, net	417,796	454,422
Due to related persons	1,752	2,047
Total liabilities	<u>423,530</u>	<u>460,277</u>
Commitments and contingencies		
Shareholders' equity:		
Common shares of beneficial interest, \$0.001 par value per share; 25,000,000 shares authorized; 14,902,773 and 14,811,410 shares issued and outstanding, respectively	15	15
Additional paid in capital	240,425	239,443
Cumulative net income	89,480	71,660
Cumulative distributions	(60,642)	(39,870)
Total shareholders' equity	<u>269,278</u>	<u>271,248</u>
Total liabilities and shareholders' equity	<u>\$ 692,808</u>	<u>\$ 731,525</u>

Consolidated Statements of Operations



(amounts in thousands, except per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2024	2023	2024	2023
INCOME FROM INVESTMENTS:				
Interest and related income	\$ 13,948	\$ 17,523	\$ 62,415	\$ 66,337
Purchase discount accretion	—	821	2,347	4,128
Less: interest and related expenses	(6,836)	(8,918)	(31,769)	(33,518)
Income from loan investments, net	7,112	9,426	32,993	36,947
Revenue from real estate owned	563	574	2,281	1,288
Total revenue	7,675	10,000	35,274	38,235
OTHER EXPENSES:				
Base management fees	1,084	1,080	4,329	4,303
Incentive fees	68	307	974	968
General and administrative expenses	847	929	3,902	3,947
Reimbursement of shared services expenses	630	683	2,647	2,596
(Reversal of) provision for credit losses	(450)	500	3,080	(799)
Expenses from real estate owned	611	559	2,489	1,293
Total other expenses	2,790	4,058	17,421	12,308
Income before income taxes	4,885	5,942	17,853	25,927
Income tax (expense) benefit	(6)	103	(33)	38
Net income	\$ 4,879	\$ 6,045	\$ 17,820	\$ 25,965
Weighted average common shares outstanding - basic and diluted	14,756	14,673	14,712	14,625
Net income per common share - basic and diluted	\$ 0.33	\$ 0.41	\$ 1.20	\$ 1.76

Non-GAAP Financial Measures

(amounts in thousands, except per share data)

		Three Months Ended				
		December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
Distributable Earnings	Net income	\$ 4,879	\$ 3,479	\$ 4,229	\$ 5,233	\$ 6,045
	Non-cash equity compensation expense	159	367	497	336	151
	Non-cash accretion of purchase discount	–	(420)	(782)	(1,145)	(821)
	(Reversal of) provision for credit losses	(450)	1,518	1,315	697	500
	Depreciation and amortization of real estate owned	279	307	305	357	289
	Exit fees collected on loans acquired in Merger ⁽¹⁾	–	34	–	90	148
	Distributable Earnings	<u>\$ 4,867</u>	<u>\$ 5,285</u>	<u>\$ 5,564</u>	<u>\$ 5,568</u>	<u>\$ 6,312</u>
	Weighted average common shares outstanding - basic and diluted	<u>14,756</u>	<u>14,723</u>	<u>14,691</u>	<u>14,675</u>	<u>14,673</u>
	Distributable Earnings per common share - basic and diluted	<u>\$ 0.33</u>	<u>\$ 0.36</u>	<u>\$ 0.38</u>	<u>\$ 0.38</u>	<u>\$ 0.43</u>

(1) Exit fees collected on loans acquired in the Merger represent fees collected upon repayment of loans for which no income has previously been recognized in Distributable Earnings. In accordance with GAAP, exit fees on loans acquired in the Merger were accreted as a component of the purchase discount and were excluded from Distributable Earnings as a non-cash item. Accordingly, these exit fees have been recognized in Distributable Earnings upon collection.

		As of				
		December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
Adjusted Book Value	Shareholders' equity	\$ 269,278	\$ 269,506	\$ 271,089	\$ 271,558	\$ 271,248
	Unaccreted purchase discount	–	–	420	1,202	2,347
	Allowance for credit losses ⁽²⁾	8,908	9,358	7,840	6,525	5,828
	Adjusted Book Value	<u>\$ 278,186</u>	<u>\$ 278,864</u>	<u>\$ 279,349</u>	<u>\$ 279,285</u>	<u>\$ 279,423</u>
	Total outstanding common shares	<u>14,903</u>	<u>14,906</u>	<u>14,833</u>	<u>14,805</u>	<u>14,811</u>
	Book value per common share	<u>\$ 18.07</u>	<u>\$ 18.08</u>	<u>\$ 18.28</u>	<u>\$ 18.34</u>	<u>\$ 18.31</u>
	Adjusted Book Value per common share	<u>\$ 18.67</u>	<u>\$ 18.71</u>	<u>\$ 18.83</u>	<u>\$ 18.86</u>	<u>\$ 18.87</u>

(2) Amounts include our allowance for credit losses for our loan portfolio and our unfunded commitments. The allowance for credit losses for our unfunded commitments is included in accounts payable, accrued liabilities and other liabilities in our condensed consolidated balance sheets.

Non-GAAP Financial Measures (Continued)

We present Distributable Earnings, Distributable Earnings per common share and Adjusted Book Value per common share, which are considered “non-GAAP financial measures” within the meaning of the applicable SEC rules. These non-GAAP financial measures do not represent net income, net income per common share or cash generated from operating activities and should not be considered as alternatives to net income or net income per common share determined in accordance with GAAP or as an indication of our cash flows from operations determined in accordance with GAAP, a measure of our liquidity or operating performance or an indication of funds available for our cash needs. In addition, our methodologies for calculating these non-GAAP financial measures may differ from the methodologies employed by other companies to calculate the same or similar supplemental performance measures; therefore, our reported Distributable Earnings and Distributable Earnings per common share may not be comparable to distributable earnings and distributable earnings per common share as reported by other companies.

We believe that Adjusted Book Value per common share is a meaningful measure of our capital adequacy because it excludes the impact of certain non-cash estimates or adjustments, including the unaccreted purchase discount resulting from the excess of the fair value of the loans TRMT then held for investment and that we acquired as a result of the Merger, over the consideration we paid in the Merger and our allowance for credit losses for our loan portfolio and unfunded loan commitments. Adjusted Book Value per common share does not represent book value per common share or alternative measures determined in accordance with GAAP. Our methodology for calculating Adjusted Book Value per common share may differ from the methodologies employed by other companies to calculate the same or similar supplemental capital adequacy measures; therefore, our Adjusted Book Value per common share may not be comparable to the adjusted book value per common share reported by other companies.

In order to maintain our qualification for taxation as a REIT, we are generally required to distribute substantially all of our taxable income, subject to certain adjustments, to our shareholders. We believe that one of the factors that investors consider important in deciding whether to buy or sell securities of a REIT is its distribution rate. Over time, Distributable Earnings and Distributable Earnings per common share may be useful indicators of distributions to our shareholders and are measures that are considered by our Board of Trustees when determining the amount of distributions. We believe that Distributable Earnings and Distributable Earnings per common share provide meaningful information to consider in addition to net income, net income per common share and cash flows from operating activities determined in accordance with GAAP. These measures help us to evaluate our performance excluding the effects of certain transactions and GAAP adjustments that we believe are not necessarily indicative of our current loan portfolio and operations. In addition, Distributable Earnings, excluding incentive fees, is used in determining the amount of base management and management incentive fees payable by us to Tremont under our management agreement.

Distributable Earnings:

We calculate Distributable Earnings and Distributable Earnings per common share as net income and net income per common share, respectively, computed in accordance with GAAP, including realized losses not otherwise included in net income determined in accordance with GAAP, and excluding: (a) depreciation and amortization of real estate owned and related intangible assets, if any; (b) non-cash equity compensation expense; (c) unrealized gains, losses and other similar non-cash items that are included in net income for the period of the calculation (regardless of whether such items are included in or deducted from net income or in other comprehensive income under GAAP), if any; and (d) one-time events pursuant to changes in GAAP and certain non-cash items, if any. Distributable Earnings are reduced for realized losses on loan investments when amounts are deemed uncollectable. This is generally at the time a loan is repaid, or in the case of foreclosure, when the underlying asset is sold, but may also be when, in our determination, it is nearly certain that all amounts due will not be collected. The realized loss amount reflected in Distributable Earnings will equal the difference between the cash received or expected to be received and the carrying value of the loan.

Other Measures and Definitions

All In Yield:

All In Yield represents the yield on a loan, including amortization of deferred fees over the initial term of the loan and excluding any purchase discount accretion.

BMO Facility:

Amounts advanced under the facility loan agreement and security agreement with BMO Harris Bank N.A., or BMO, are pursuant to separate facility loan agreements that we refer to as the BMO Facility.

CBD:

The central business district, or CBD, is the center of business and economic activity in major markets of the United States.

GAAP:

GAAP refers to generally accepted accounting principles.

Gross AUM:

Gross AUM refers to gross assets under management.

LTV:

Loan to value ratio, or LTV, represents the initial loan amount divided by the underwritten in-place value of the underlying collateral at closing.

Master Repurchase Facilities:

Collectively, we refer to the master repurchase facilities with UBS AG, or UBS, Citibank, N.A., or Citibank, and Wells Fargo, National Association, or Wells Fargo, as our Master Repurchase Facilities.

Maximum Maturity:

Maximum Maturity assumes all borrower loan extension options have been exercised, which options are subject to the borrower meeting certain conditions.

Merger:

On September 30, 2021, TRMT merged with and into us. We refer to this transaction as the Merger.

Secured Financing Facilities:

Collectively, we refer to the Master Repurchase Facilities and our BMO Facility as our Secured Financing Facilities.

SOFR:

SOFR refers to the Secured Overnight Financing Rate.

TRMT:

TRMT refers to Tremont Mortgage Trust.

WALT:

WALT refers to weighted average lease term.

Warning Concerning Forward-Looking Statements

This presentation contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws. These statements include words such as "believe", "could", "expect", "anticipate", "intend", "plan", "estimate", "will", "would", "should", "may" and negatives or derivatives of these or similar expressions. These forward-looking statements include, among others, statements about: SEVN's investment portfolio and loan investment performance; the quality of the sponsors of SEVN's borrowers; SEVN's office sector exposure; SEVN's future lending activity and opportunities; SEVN's liquidity and leverage levels and capacity; the ability of SEVN to capitalize on opportunities; SEVN's ability to achieve its investment objectives and generate attractive returns for its shareholders; the benefits and opportunities SEVN believes that Tremont's relationship with RMR provide to SEVN; and the amount and timing of future distributions.

Forward-looking statements reflect SEVN's current expectations, are based on judgments and assumptions, are inherently uncertain and are subject to risks, uncertainties and other factors, which could cause SEVN's actual results, performance or achievements to differ materially from expected future results, performance or achievements expressed or implied in any forward-looking statements. Some of the risks, uncertainties and other factors that may cause SEVN's actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include, but are not limited to, the following: SEVN's borrowers' ability to successfully execute their business plans, including SEVN's borrowers' ability to manage and stabilize properties; whether the diversity and other characteristics of its loan portfolio will benefit SEVN to the extent it expects; SEVN's ability to carry out its business strategy and take advantage of opportunities for its business that it believes exist; the impact of inflation, geopolitical instability, interest rate fluctuations and economic recession or downturn on the commercial real estate, or CRE, industry generally and specific CRE sectors applicable to SEVN's investments and lending markets, SEVN and its borrowers; fluctuations in interest rates and credit spreads may reduce the returns SEVN may receive on its investments and increase its borrowing costs; fluctuations in market demand for CRE debt and the volume of transactions and available opportunities in the CRE debt market, including the middle market; dislocations and volatility in the capital markets; SEVN's ability to utilize its Secured Financing Facilities and to obtain additional capital to enable it to attain its target leverage, to make additional investments and to increase its potential returns and the cost of that capital; SEVN's ability to pay distributions to its shareholders and sustain or increase the amount of such distributions; SEVN's ability to successfully execute, achieve and benefit from its operating and investment targets, investment and financing strategies and leverage policies; the amount and timing of cash flows SEVN receives from its investments; the ability of SEVN's manager, Tremont Realty Capital LLC, or Tremont, to make suitable investments for it, to monitor, service and administer SEVN's existing investments and to otherwise implement its investment strategy and successfully manage SEVN; SEVN's ability to maintain and improve a favorable net interest spread between the interest it earns on its investments and the interest SEVN pays on its borrowings; the extent to which SEVN earns and receives origination, extension, exit, prepayment or other fees it may earn from its investments; yields that may be available to SEVN from mortgages on middle market and transitional CRE; the duration and other terms of SEVN's loan agreements with borrowers and its ability to match its loan investments with its repurchase lending arrangements; the credit qualities of SEVN's borrowers; the ability and willingness of SEVN's borrowers to repay its investments in a timely manner or at all; the extent to which SEVN's borrowers' sponsors provide support to its borrowers or SEVN regarding its loans; SEVN's ability to maintain its exemption from registration under the Investment Company Act of 1940, as amended; events giving rise to increases in SEVN's credit loss reserves; SEVN's ability to diversify its investment portfolio based on industry and market conditions; the ability of SEVN's manager to arrange for the successful management of real estate SEVN owns and SEVN's ability to sell those properties at prices that allow SEVN to recover amounts it invested; SEVN's ability to successfully compete; market trends in SEVN's industry or with respect to interest rates, real estate values, the debt securities markets or the economy generally; reduced demand for office or retail space; regulatory requirements and the effect they may have on SEVN or its competitors; competition within the CRE lending industry; changes in the availability, sourcing and structuring of CRE lending; defaults by SEVN's borrowers; compliance with, and changes to, federal, state and local laws and regulations, accounting rules, tax laws and similar matters; limitations imposed on SEVN's business and its ability to satisfy complex rules in order for SEVN to maintain its qualification for taxation as a REIT for U.S. federal income tax purposes; actual and potential conflicts of interest with SEVN's related parties, including its Managing Trustees, Tremont, RMR, and others affiliated with them; acts of God, earthquakes, hurricanes, outbreaks or continuation of pandemics, or other public health safety events or conditions, supply chain disruptions, climate change and other man-made or natural disasters or war, terrorism, social unrest or civil disturbances; and other matters.

These risks, uncertainties and other factors are not exhaustive and should be read in conjunction with other cautionary statements that are included in SEVN's periodic filings. The information contained in SEVN's filings with the SEC, including under the caption "Risk Factors" in its periodic reports, or incorporated therein, identifies important factors that could cause differences from the forward-looking statements in this presentation. SEVN's filings with the SEC are available on its website and at www.sec.gov.

You should not place undue reliance on forward-looking statements. Except as required by law, SEVN does not intend to update or change any forward-looking statement, whether as a result of new information, future events or otherwise.